

Town Of Hardesty, Oklahoma

Independent Accountant's Report on
Applying Agreed-Upon Procedures

Year Ended June 30, 2014

Kimberlye R. Mayer, CPA, P.C.

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Independent Accountant's Report

To the Specified Users of the Report:

Board of Trustees of the Town of Hardesty
Hardesty, Oklahoma

Board of Trustees of the Hardesty Municipal Authority
Hardesty, Oklahoma

We have compiled the accompanying Summary of Changes in Fund Balances – Cash Basis of the Town of Hardesty and the Hardesty Municipal Authority for the year ended June 30, 2014, the Budgetary Comparison Schedule – Cash Basis – General Fund, and the Statement of Revenues, Expenses and Changes in Net Position – Cash Basis – Hardesty Municipal Authority for the year ended June 30, 2014. The financial statements have been prepared in a format and basis of accounting, as prescribed by Oklahoma Statutes, that demonstrates compliance with the cash basis and budget laws of the State of Oklahoma applicable to municipalities and the presentation requirements prescribed in Oklahoma Statutes §11-17-105-.107 and §60-180-1-.3.

We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance about whether the financial statements are in accordance with the form prescribed by Oklahoma Statutes, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America in the United States.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the form prescribed by Oklahoma Statutes and for designing, implementing, and maintaining internal control relevant to the preparation and fair representation of the financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

Management has elected to omit substantially all of the disclosures ordinarily included in financial statements prepared on the basis of accounting prescribed by Oklahoma Statutes. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Town's assets, liabilities, equity, revenues and expenses. Accordingly, these financial statements are not designed for those who are not informed about such matters.

Additionally, we have performed the procedures enumerated on the next page which were agreed to by the specified users of the report, as identified above, and as defined within the applicable state laws of the State of Oklahoma, solely to assist the Town and Hardesty Municipal Authority in meeting its financial accountability requirements as prescribed by applicable Oklahoma law and evaluating compliance with specified legal or contractual requirements for the fiscal year ended June 30, 2014. Management of the Town of Hardesty is responsible for the Town's financial accountability and its compliance with those legal and contractual requirements. This agreed-upon procedures engagement was conducted in accordance with the attestation standards established by the American Institute of Certified Public Accountants and the additional requirements prescribed in Oklahoma Statutes §11-17-105-.107 and §60-180-1-.3. The sufficiency of the procedures is solely the responsibility of those parties specified in this report.

Procedures and Findings:

As to the Town of Hardesty as of and for the fiscal year ended June 30, 2014:

1. **Procedures Performed:** From the Town's trial balances, we compiled a cash basis schedule of changes in fund balances for each fund (see page 5) and compared the schedule results to the statutory prohibition of creating fund balance deficits to report any noted instances of noncompliance.

Findings: No instances of noncompliance noted.

2. **Procedures Performed:** From the Town's trial balances, we compiled a cash basis budget and actual financial schedule for the General Fund (see page 6) and compared the actual expenditures reported to the authorized appropriations to report any noted instances of noncompliance with the appropriation limitations.

Findings: No instances of noncompliance were noted.

3. **Procedures Performed:** We agreed the Town's material bank account balances to bank statements, and traced the timely clearance of significant reconciling items to report any significant or unusual instances of reconciling items that have not cleared.

Findings: No unusual reconciling items were noted that did not clear on a timely basis.

4. **Procedures Performed:** We compared the Town's uninsured deposits to fair value of pledged collateral to report any amounts of uninsured and uncollateralized deposits.

Findings: The Town had no uninsured deposits at June 30, 2014.

5. **Procedures Performed:** We compared the Town's use of material-restricted revenues and resources to their restrictions to report any noted instances of noncompliance.

Findings: No instances of noncompliance were noted.

6. **Procedures Performed:** We compared the accounting for the Town's activities by fund to the legal and contractual requirements for separate funds to report any noted instances of noncompliance.

Findings: No instances of noncompliance noted.

7. **Procedures Performed:** A search for Town debt agreements was performed to identify any contractually required reserve balances and debt service coverage requirements of bond indentures for the purpose of determining contract compliance.

Findings: The Town had no debt, therefore no debt service coverage requirements of bond indentures were evaluated for compliance.

As to the Hardesty Municipal Authority as of and for the fiscal year ended June 30, 2014:

1. **Procedures Performed:** From the Authority's trial balances, we compiled a schedule of revenues, expenses and changes in fund balances - cash basis for the Authority (see page 7) and compare the schedule results to the applicable trust prohibitions for creating net asset deficits to report any noted instance of noncompliance.

Findings: No instances of noncompliance noted.

2. **Procedures Performed:** We agreed the Authority's material bank account balances to bank statements, and trace the timely clearance of significant reconciling items to report any significant or unusual instances of reconciling items that have not cleared.

Findings: No unusual reconciling items were noted that did not clear on a timely basis.

3. **Procedures Performed:** We compared the Authority's uninsured deposits to fair value of pledged collateral to report any amounts of uninsured and uncollateralized deposits.

Findings: The Town had no uninsured deposits at June 30, 2014.

4. **Procedures Performed:** We compared the Authority's use of material-restricted revenues and resources to their restrictions to report any noted instances of noncompliance.

Findings: No instances of noncompliance were noted.

5. **Procedures Performed:** We compared the accounting for the Authority's activities by fund to the legal and contractual requirements for separate funds to report any noted instances on noncompliance.

Findings: No instances of noncompliance were noted.

6. **Procedures Performed:** A search for the Authority's debt agreements was performed to identify any contractually required reserve balances and debt service coverage requirements of bond indentures for the purpose of determining contract compliance.

Findings: The USDA-RD requires reserve funds in the amount of \$4,303. At June 30, 2014, the Authority had \$4,141 in reserve funds.

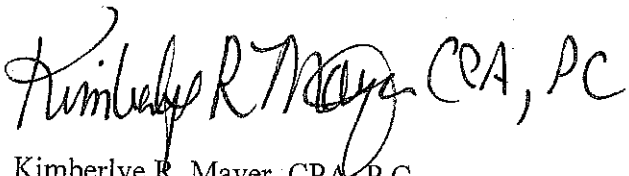
As to the Town of Hardesty and Hardesty Municipal Authority grant programs, as of and for the fiscal year ended June 30, 2014:

1. **Procedures Performed:** From the Town and Authority's trial balances, we compiled a schedule of grant activity for each grant/contract (see page 8) and compared the receipts and disbursements to grant agreements and supporting information to report any noted instances of noncompliance with the grant agreements.

Findings: No instances of noncompliance were noted.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the specified users, as identified above, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, reading "Kimberley R. Mayer, CPA, P.C.", written in a cursive style.

Kimberlye R. Mayer, CPA, P.C.
February 20, 2015

TOWN OF HARDESTY, OKLAHOMA
STATEMENT OF CHANGES IN FUND BALANCES
CASH BASIS
YEAR ENDED JUNE 30, 2014

	Fund Balaces <u>6/30/13</u>	<u>Change</u>	Fund Balaces <u>6/30/14</u>
TOWN:			
General Fund	\$ 28,473	\$ 9,248	\$ 37,721
Fire Department	<u>13,138</u>	<u>(304)</u>	<u>12,834</u>
Town Subtotal	<u>41,611</u>	<u>8,944</u>	<u>50,555</u>
 MUNICIPAL AUTHORITY:			
Hardesty Municipal Authority	<u>22,057</u>	<u>30,716</u>	<u>52,773</u>
Total Municipal Authority	<u>22,057</u>	<u>30,716</u>	<u>52,773</u>
 TOWN TOTALS	 <u><u>\$ 63,668</u></u>	 <u><u>\$ 39,660</u></u>	 <u><u>\$ 103,328</u></u>

See accountant's report on agreed-upon procedures.

TOWN OF HARDESTY, OKLAHOMA
BUDGETARY COMPARISON SCHEDULE - CASH BASIS
GENERAL FUND
YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual	Final Budget
	Original	Final	Amounts	Positive (Negative)
Beginning budgetary fund balance	\$ 28,473	\$ 28,473	\$ 28,473	\$
Resources (Inflows):				
Sales tax	23,242	23,242	26,528	3,286
Cigarette tax	313	313	296	(17)
Franchise taxes	4,631	4,631	4,910	279
Gas excise tax	370	370	402	32
Alcoholic beverage tax	3,637	3,637	2,798	(839)
Motor vehicle tax	2,156	2,156	1,749	(407)
Use tax	4,776	4,776	4,432	(344)
Interest income	55	55	58	3
Police fines	3,771	3,771	2,947	(824)
Court fees	1,916	1,916	1,239	(677)
Other revenues	3,506	3,506	4,223	717
Total Resources	48,373	48,373	49,582	1,209
Charges (Outflows):				
General Government:				
Personnel services	17,443	17,443	16,164	1,279
Materials and supplies	881	881	1,424	(543)
Other services and charges	24,640	24,640	16,447	8,193
Capital Outlay				
Total General Government	42,964	42,964	34,035	8,929
Police Department:				
Personnel services				
Materials and supplies				
Other services and changes	175	175	293	(118)
Total Police Department	175	175	293	(118)
Total Charges	43,139	43,139	34,328	8,811
Transfer in (out)			(6,006)	(6,006)
Ending budgetary fund balance	\$ 33,707	\$ 33,707	\$ 37,721	\$ 4,014

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TOWN OF HARDESTY, OKLAHOMA
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION - CASH BASIS
HARDESTY MUNICIPAL AUTHORITY
YEAR ENDED JUNE 30, 2014

Operating Revenues:	
Charges for services:	
Water	\$ 54,379
Sewer	27,912
Sanitation	40,095
Gas	76,031
Late fees	4,672
Other income	2,578
Total Operating Revenues	<u>205,667</u>
Operating Expenses:	
Administration	61,864
Water	27,422
Sewer	2,805
Sanitation	25,958
Gas	46,644
Total Operating Expenses	<u>164,693</u>
Operating income (loss)	40,974
Non-Operating Revenues (Expenses)	
Interest income	58
Grant revenue	20,804
Principal payments	(5,568)
Interest expense	(8,568)
Grant expenditures	(15,851)
Increase deposit account	289
Total Non-Operating Revenues (Expenses)	<u>(8,836)</u>
Net Income (Loss) Before Transfers	32,138
Transfers to reserve account	<u>(1,422)</u>
Change in Net Position	30,716
Net Position, beginning of year	22,057
Net Position, end of year	<u><u>\$ 52,773</u></u>

See accountant's report on agreed-upon procedures

TOWN OF HARDESTY, OKLAHOMA
SCHEDULE OF GRANT ACTIVITY
CASH BASIS
YEAR ENDED JUNE 30, 2014

<u>Grantor</u>	<u>Award Amount</u>	<u>Amount Received</u>	<u>Amount Disbursed</u>	<u>Amount Unexpended</u>
State Department of Agriculture	\$ 4,474	\$ 4,474	\$ 4,474	\$
Oklahoma Department of Commerce				
REAP 12-109	\$ 49,999	\$ 28,896	\$ 28,896	\$
REAP 13-15	\$ 50,000	\$ 7,500	\$ 7,500	\$
* CDBG 14037	\$ 5,000	\$ 5,000		

* This grant was received during fiscal year ending 6/30/14 and paid back during fiscal year ending 6/30/15.